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PROGRAMME PLANNING

Country, intercountry and global programmes

FIFTH COUNTRY PROGRAMME FOR FIJI*

Programme period	Actual resources programmed	$
1991-1995	IPF for 1991	580 750
	IPF for 1992-1995	2 323 000
	Total	2 903 750

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* Detailed listings of projects and other related data as part of the country programming exercise are available on request. These listings include: (a) ongoing projects; (b) proposed projects; (c) distribution of resources by objective; (d) planned activities of operational funds and programmes under the authority of the Administrator; and (e) distribution of resources by sector.

I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic trends

1. Fiji comprises a group of 322 islands spread over 1,290,000 sq km of ocean. Although over a third of the islands are inhabited, the nation's economic activity is concentrated on two main islands - Viti Levu and Vanua Levu - which together account for 87 per cent of Fiji's total land area of 18,272 sq km and contain 90 per cent of the country's population of 720,000 live.

2. Fiji's economy is based on sugar, tourism, growing industrial production and related trade, banking and service sectors. Since 1980, the sugar industry has contributed 15 per cent to the gross domestic product (GDP), 50 per cent to merchandise exports and has accounted for 20 per cent of employment. Sugar and tourism together earn more than 40 per cent of the country's total foreign exchange earnings.

3. The Fijian economy, which was characterized by relatively slow growth during the period 1980-1985, when it recorded an average annual growth rate of only 1.7 per cent in real terms, started showing signs of improvement as the year 1986 unfolded. That year saw an increase of 14 per cent in investment expenditure and a similar rise in construction output, suggesting that the economy was well poised for recovery and steady growth. Political events in 1987 affected the growth of the economy, causing disruption in production, a heavy capital outflow and resultant pressure on foreign exchange reserves. Government revenue earnings experienced a sharp decline and, despite a substantial cut in Government expenditure, the budget deficit increased. It is estimated that real GDP declined by 6.3 per cent in 1987.

4. In an effort to stabilize and reinvigorate the economy, the Government introduced credit restructuring, foreign exchange controls and devaluations of the Fiji dollar by 18 per cent and 15 per cent in June and October 1987 respectively and issued Reserve Bank security notes. These financial policy interventions, along with measures to stimulate agricultural investment through liberal incentives, the manufacturing sector through establishment of tax-free zones and tourism through concerted efforts aimed at reviving tourism and attracting related investment, helped to counteract, to some extent, the earlier down-turn in the economy. Consequently, the economy started showing signs of recovery, gathering momentum in 1988 and 1989.

5. As a result, the Government was able to restore salary cuts made in 1987 and relax some of the restrictive financial measures. Against this encouraging background, the Government's official economy policy paper, entitled "Policies and Strategies for the Short and the Medium Term up to the year 2000", was formulated for presentation at the National Economic Summit held in June 1989. The document, which was adopted by the Summit, forecasts a real growth rate of 7.3 per cent in GDP in 1989.

6. While sugar and tourism remain the key sectors, it is the intention of the Government to diversify its resource base through promoting the expansion of

non-sugar agriculture and non-resource-based manufacturing geared to exports. The reorientation of Government fiscal and taxation policies and the deregulation and promotion of international competitiveness are expected to improve the environment for private sector investment.

7. Finally, the Government recognizes that the success of its economic programme requires trained and skilled Fijians to provide critically needed manpower for effective development and improvement of the economy.

8. The Government has decided to formulate the fifth country programme in the context of the development strategies contained in the policies and strategies paper referred to in paragraph 5.

B. National development strategies

9. Within the above plan, the policy goals for the national economy and the priority objectives for the short and medium term, as set in the policies and strategies document of June 1989, are:

(a) Greater freedom to world economic factors in determining prices and production levels;

(b) Government recurrent and capital expenditure to fall in relation to GDP and to be geared to supporting the growth of exports;

(c) Reform of the system of direct and indirect taxation;

(d) Wage policy to be consistent with the maintenance of international competitiveness;

(e) Mobilization of all sections of the community in support of economic expansion;

(f) Sector policies must be geared towards reinforcing export orientation.

10. In addition to these priority objectives, the Government remains committed to: (a) promoting a more equitable distribution of the benefits of development; (b) ensuring that opportunities for productive and rewarding social or economic activities are available as appropriate to each individual, according to circumstances and aspirations; and (c) promoting policies and attitudes towards greater self-reliance.

11. In order to achieve these objectives and policies, specific programmes will need to be formulated and implemented in the following areas: (a) promotion and development of strategic sectors specially in non-sugar agriculture, forestry, fisheries, mineral resources development and non-sugar manufacturing; (b) formulation and implementation of a national environment policy and a physical development plan; (c) promotion of activities for rural development; and (d) development of national human resources aimed at raising skill levels

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throughout all sectors of the economy to meet the various needs for skilled personnel.

C. Technical co-operation priorities

12. The Government is committed to improving the quality and standard of life of its people. Successive national plans have stressed the development of the productive sectors as the engine of economic growth and prosperity. At the same time, it is also recognized that the development of infrastructure is necessary to ensure this growth. Consequently, these economic sectors have been identified as priority areas for technical co-operation.

13. The realization of these objectives is, however, heavily dependent on the labour market and its capacity to provide adequately trained and skilled manpower to sustain existing levels of performance and to cater for the planned growth and expansion in the economy. The recent exodus of skilled manpower has led to a severe shortage of certain skills which has critically affected development activities in the country. A major thrust of UNDP assistance will be on the development of acutely needed human resources. Within this framework, the strengthening of national capacities and institution-building activities will receive greater emphasis.

D. Aid co-ordination arrangements

14. External economic development assistance constitutes an important element of the country's development financing. Total development aid flows to Fiji for the 1988 fiscal year totalled $27 million. Of this amount, the bilateral donors gave 68 per cent; UNDP 6 per cent; other United Nations organizations 3 per cent; and other non-United Nations multilaterals contributed the remaining 23 per cent. Fiji is a member of the Africa, Caribbean and Pacific Group which, through the Lome Convention, is an important recipient of development assistance funds from the European Economic Community (EEC).

15. The Government's mechanism for aid co-ordination is through the Aid Co-ordinating Committee, comprising senior officials of the Ministry of Finance and Economic Planning, the Ministry of Foreign Affairs and the Public Service Commission. The Committee is responsible for considering policies on aid matters and setting guidelines on the use of external aid programmes. The Aid Unit within the Ministry of Finance and Economic Planning is concerned primarily with the administration of the aid programme. Strengthening of the Aid Unit is required and the assistance of UNDP is expected to be sought.

16. The Government has scheduled a round-table meeting with donors in May 1990. UNDP assistance is being provided for this purpose. The sectoral strategies outlined in the documentation for the meeting conform to the broad objectives of the fifth country programme. In addition, two pipeline projects in the country programme have been selected to be included in the project profiles to be tabled to donors at the round-table meeting. These are Water Assessment and Assistance to

the School of Hotel and Catering. In this respect, the exercise will facilitate UNDP efforts in these important sectors.

17. In Fiji, as well as other Pacific island developing countries and territories, UNDP is closely collaborating with South Pacific regional organizations. These include the Forum Secretariat and the South Pacific Commission, particularly as regards appropriate linkages with country projects and the integration of UNDP technical co-operation activities in the development process at the regional level. In respect of co-ordinating assistance from the United Nations, the Joint Consultative Group on Policy (JCGP) representatives in Suva, Fiji, namely, UNDP, the United Nations Children's Fund (UNICEF), and the United Nations Population Fund (UNFPA) will continue their effort at mobilizing the United Nations system to act in a more concerted, mutually reinforcing manner. This strategy is to be reinforced during the fifth country programme.

II. THE COUNTRY PROGRAMME

A. Assessment of the ongoing country programme

18. The fourth country programme directed UNDP technical assistance to six economic sectors: (a) Agriculture, fisheries and forests; (b) Commerce, industry and co-operatives; (c) Administrative infrastructure; (d) Physical infrastructure; (e) Natural resources; and (f) Social development and health. The Programme highlighted the training of nationals in all sectors as a priority area and emphasized the use of short-term specialized consultants - supplemented by long-term experts only if necessary - as the preferred modality for the channelling of indicative planning figure (IPF) resources.

19. A mid-term review of the country programme was undertaken in July 1989. The assessment of the programme indicated that UNDP assistance had been generally consistent with the national development priorities of the Government. It recognized that the limited national IPF resources had been judiciously allocated and good use of the regional IPF funds had been made to augment and complement the national IPF.

20. The allocation of IPF resources in the fourth country programme to agriculture, forestry and fisheries and physical infrastructure (approximately 35 per cent) sectors was increased because of the priority need for assistance to these sectors.

21. The assessment also indicated that 41 per cent of personnel recruited under UNDP-funded projects were specialized short-term consultants. While the overall approach of using short-term expertise remained valid, the country programme responded to the skilled manpower shortage by recruiting, at the Government's request, long-term personnel to ensure the continuity of the ongoing programme. The slight shift in modality of implementation was supplemented by increased training efforts.

22. Government cost-sharing was used prominently during the programme to supplement the IPF resources. The project United Nations Volunteers (UNV) Assistance to the Health Sector (FIJ/88/004) was approved under cost-sharing arrangements, with the Government paying the full cost of the salary for 34 UNV doctors.

23. The mid-term review endorsed the programme focus on selected sectors of the economy, its emphasis on strengthening national capacities and its strategy of cost-effectiveness. Additionally, efforts to draw on complementary technical assistance resources, available under the regional IPF, to augment country IPF resources were considered successful and recommended to be continued.

B. New programme proposal

24. The fifth country programme extends over a five-year period from 1991 to 1995. The Government has decided that UNDP resources under the fifth country programme should continue to be deployed to strengthen the country's institutional capacities. The training of nationals will be a major emphasis. To enhance the impact of the programme, it has been agreed that technical assistance should concentrate on export promotion and tourism development, non-sugar agriculture, and the development of health and social services. In addition, the country programme will also contribute, albeit to a limited extent, in the achievement of other objectives, namely, human resources development and the improvement of physical infrastructure.

25. UNDP assistance, within the context of the selected objectives, will be directed to those areas where it will have both a comparative advantage over external assistance from other sources and a catalytic effect. To ensure cost effectiveness in programme implementation, assistance through short-term specialized consultancies, UNV specialists, and government execution will continue to be used. Long-term experts will be used selectively. However, it is clear that the IPF will not be able to meet fully the requirements in all areas selected. The Government proposes to mobilize resources of other multilateral and bilateral donors for cost-sharing and complementary financing in support of activities to be carried out under the IPF programme. In addition, the intercountry programme will be tapped as appropriate.

Export promotion and tourism development

26. The Government development strategy for the industrial and commercial sectors is based on the expansion and diversification of exports and services, which will increase the foreign exchange earnings of the country. In this context, UNDP resources will be programmed in such a manner as to promote private-sector initiatives, entrepreneurial development and tourism through the continuation of current projects and the implementation of new projects.

27. The Government has, therefore, decided to continue activities of the ongoing project Assistance to Hotel, Catering and Tourism Occupational Training Programme (FIJ/87/002) ($354,000) into the fifth country programme to train personnel for the

hotel industry. Similarly, two other projects are expected to be approved in the fourth country programme and to extend into the fifth country programme: Start Your Business (FIJ/89/005) ($203,000) and Assistance to the Fiji Trade and Investment Board (FIJ/88/009) ($343,000). These projects will promote entrepreneurial activities and the development of the private sector.

28. Approximately $900,000, or 31 per cent of available funds envisaged under the fifth country programme, is allocated to the projects mentioned in paragraph 27. Because of the high percentage of the IPF committed, and expected to be committed, to ongoing and hard pipeline projects, approval of new projects in this sector during the fifth country programme is not envisaged.

Development of health and social services

29. Health is another area on which the Government sees the need to focus its attention. During the fourth country programme, the country's medical capacity was seriously affected by the emigration of health personnel. As a result, the Government has embarked upon a programme of training health personnel to meet the staff shortages. In the interim, the Government took urgent steps to fill the vacant positions of health personnel in hospitals throughout the country with expatriates. To this end, the extension of the ongoing project UNV Assistance to the Health Sector (FIJ/88/004) into the fifth country programme is contemplated. The continuation of this project will be considered under this cost-sharing basis. However, some funds from the IPF ($30,000) will be allocated to provide support to project implementation.

30. Provision of clean water supplies to rural villages and settlements is another priority in the Government's development plan. The Government has therefore earmarked $800,000 of IPF funds partly under the fourth country programme but mainly under the fifth country programme to Water Assessment and Needs (FIJ/88/008). The implementation of this project will also require a substantial supply of equipment, for which the Government will seek financing from bilateral sources. UNDP is assisting in this respect by including this project in the project profiles to be tabled to donors at the round-table meeting in 1990.

31. Major initiatives have been identified to facilitate the involvement of women in development activities. These include surveys to collect factual information on the situation in Fiji with regard to women's social and economic contribution and the development of indicators sensitive to the problems and needs of women. UNDP assistance in support of Government efforts in this area will be through the regional project Women in Development (RAS/89/W01), which aims at integrating women into the development planning process.

32. The total IPF resources earmarked for this sector will amount to $830,000, representing 29 per cent of total available resources. In view of the significant share of IPF resources being allocated to the projects already identified, approval of new projects for this sector during the fifth country programme is not envisaged at this stage.

Non-sugar agriculture, forestry and fisheries

33. Efforts are being made to diversify the agricultural sector in order to generate more export earnings and protect the economy from set-backs that stem from sudden price fluctuations in the international market of a single commodity. Non-sugar agriculture, forestry and fisheries are three areas where the Government will concentrate its efforts. The main focus of UNDP assistance during the fifth country programme will be the development of non-sugar agriculture.

34. In order to consolidate activities already initiated in the fourth country programme, it has, therefore, been decided to extend three ongoing projects: Assistance to Design Engineering (FIJ/87/005) ($23,000); River Improvement Masterplan (FIJ/88/002) ($32,000); and Agricultural Census (FIJ/89/001) ($33,000).

35. In the forestry sector, the timber industry is on the verge of a major export-oriented expansion. A tropical forestry action plan, produced with UNDP as the lead financing agency, will provide the framework for future forestry development. The Government expects the timber industry to surpass the sugar and tourism industries in its contribution to the economy by the end of the century. The Government also sees the fisheries sector as having substantial potential for growth through the expansion of exports. Exact project requirements are unknown at this stage both for the forestry and fisheries sectors. UNDP assistance to the fisheries sector will be supplemented through a regional project, Regional Fisheries Support (RAS/89/039).

36. In its assistance mentioned above to the non-sugar agriculture, forestry and fisheries sector, UNDP projects will consider the environmental effects of such projects with the view of promoting educational measures which will assist in the preservation of the environment.

37. Approximately $88,000, or 20 per cent of available resources during the fifth country programme, are earmarked for projects in these areas. The projects mentioned in paragraph 34 will receive $395,000. The remaining $193,000 is expected to be allocated for new projects, which will be formulated during the fifth country programme.

Human resources development

38. The Government strategy for human resources development has been determined by the need to bridge the staffing gap experienced in the public service as a result of the major outflow of skilled personnel in recent years. The Government has plans to launch an intensive scheme to train the required personnel and strengthen the capabilities of its existing staff.

39. UNDP assistance will be required to strengthen the role of the Public Service as well as to analyse and recommend measures to be taken by the Government. In this respect, IPF funds will be used to extend an ongoing project and formulate new projects, for which exact requirements are to be determined at a later stage. In addition, the Government intends to use the Management Development Programme to improve public service performance. At present, computer programming is still

being provided by expatriate staff. In an effort to build up the capabilities of nationals in this field, the Governemnt has decided to extend the ongoing project, Assistance to Electronic Data Processing (FIJ/88/001) ($72,000). The Government Aid Co-ordination Unit will also receive assistance from the IPF to strengthen its capability to carry out its very important task of donor/aid co-ordination.

40. Approximately $435,500, or 15 per cent of total available funds, will be allocated to projects for human resources development in the public service. The ongoing project mentioned above will use 17 per cent of this total allocation. The remaining 83 per cent will be utilized for projects which will be formulated within the fifth country programme. In addition, a proposed regional project Manpower Planning (RAS/87/012) will provide assistance.

Physical infrastructure

41. The Government physical infrastructure strategy centres on the need to build an efficient transport and communications system to support economic development. UNDP regional projects are expected to provide assistance to the Government in this area. The national IPF allocation for this sector will be used for the extension of an ongoing project Housing and Urbanization (FIJ/89/001) ($40,000), and for two new projects: Sewerage Study (FIJ/89/007) ($50,000) and Assistance to Naval Architecture (FIJ/89/002) ($60,000).

42. Five per cent of available funds during the fifth country programme are earmarked for technical assistance through he three projects mentioned above.

C. Unprogrammed reserve

43. Since as all resources have been committed to specific objectives, there is no unprogrammed reserve under the fifth country programme.

Annex

FINANCIAL SUMMARY

I.	ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		
	A. UNDP-administered sources	$	$
	Fourth cycle IPF balance (1991)	580 750	
	Fifth cycle IPF (1992-1995)	2 323 000 a/	
	Subtotal IPF		2 903 750
	Special Measures Fund for Least Developed Countries	-	
	Special Programme Resources	-	
	Government cost-sharing	-	
	Third-party cost-sharing	-	
	Operational funds under the authority of the Administrator	-	
	UNDP special trust funds	-	
	Subtotal non-IPF funds		-
	B. Other sources		
	Funds from other United Nations agencies or organizations firmly committed as a result of the country programme exercise	-	
	Parallel financing from non-United Nations sources	-	
	Subtotal, other sources		-
	TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		2 903 750
II.	USE OF RESOURCES		
	Ongoing projects	1 437 000	
	New project proposals	910 000	
	Allocation by objectives	556 750	
	Subtotal, programmed resources		2 903 750
	Unprogrammed reserve	0	
	TOTAL USE OF RESOURCES		2 903 750

a/ Fifth cycle IPF estimated from current fourth country programme IPF, SPR and other sources of funds are not available as yet.